GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:4118
ANSWERED ON:23.03.2001
RETURNS FROM EQUITY SHARE
DR. KIRIT SOMAIYA

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) the returns from the equity share capital of PSUs during the years 1999-2000 and 1998-1999;

(b) whether there is any increase in the returns from the equity share capital of PSUs;

(c) if so, the details thereof;

(d) whether the returns from the equity share capital is not commensurate with the investment made by the Government in the PSUs;

(e) if so, the reasons therefor; and

(f) the steps being taken by the Government to get a good return from the PSUs on its equity?

Answer

MINISTER OF STATE FOR HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (DR. VALLABHBHAI KATHIRIA)

(a) to (c): Information regarding the return from equity share capital i.e. dividend of CPSUs during the years 1999-2000 & 1998-99 is given in Statement 8 of Public Enterprises Survey, 1999-2000 which was duly laid in the Parliament on 27.2.2001 and is a public document. As per P.E.Survey, 1999-2000, the dividend declared by CPSUshas increased from Rs.4931.56 crores in 1998-99 to Rs.5455.48 crores in 1999-2000.

(d) & (e): Beside earning profit and declaration of dividend, the CPSUs have to perform other social objectives such ascreation of employment opportunities, creation of necessary infrastructure for economic development and promotion of balanced regional development etc. which are not quantifiable in financial terms. It is, therefore, difficult to ascertain whether returns from equity share capital is in commensurate with the investment made by the Government in the PSUs.

(f): Enterprise specific steps are taken by the administrative Ministries/ Departments/ Management of PSUs from time to time so as to get a good return from the PSUs on its equity. However, some of the steps include managerial and financial restructuring, formation of joint ventures, upgradation of technology, modernization of plants and machinery, cost control measures, rationalization of manpower, improved marketing strategies etc. as the case may be.